

VZCZCXRO4455
OO RUEHCN RUEHGH RUEHVC
DE RUEHBJ #2908 2930948
ZNY CCCCC ZZH
O 200948Z OCT 09
FM AMEMBASSY BEIJING
TO RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE
RUEHC/SECSTATE WASHDC IMMEDIATE 6491
INFO RHEHNSC/NSC WASHDC PRIORITY
RUEHOO/CHINA POSTS COLLECTIVE

C O N F I D E N T I A L BEIJING 002908

SIPDIS

STATE FOR E, EAP, EAP/CM
TREASURY FOR OASIA/DOHNER/WINSHIP AND LOEVINGER
NSC FOR LOI

E.O. 12958: DECL: 10/20/2034

TAGS: [EFIN](#) [PGOV](#) [PREL](#) [ECON](#) [CH](#)

SUBJECT: BANK OF CHINA VICE PRESIDENT ZHU MIN MOVES TO
PEOPLE'S BANK OF CHINA, NEXT STOP IMF?

Classified By: Acting Economic Minister Counselor Robert W. Forden; Reasons 1.4 (b, d)

11. (C) Summary. The Bank of China (BOC), one of China's "big four" state-owned banks, announced October 19 that Executive Vice President Zhu Min had resigned to take a new position elsewhere. Contacts at the People's Bank of China (PBOC) have told us Zhu began working as a Vice Governor in late September, although the central bank has not officially announced the appointment. The PBOC appears to be positioning Zhu for an eventual senior-level appointment at the International Monetary Fund. End Summary.

12. (SBU) After weeks of media speculation and financial sector rumor, as well as a disingenuous denial by the subject that anything was afoot, on October 19 the BOC announced that Executive Vice President Zhu Min had resigned October 16 to take a new, unspecified position. Zhu had worked for the BOC in various capacities in Hong Kong and Beijing since 1996, following six years as an economist at the World Bank. The other half of the Zhu rumor, reported most recently by "Caijing" magazine on October 13, has been that he would receive an appointment as a PBOC Vice Governor, which in turn would lead at some unspecified time to a senior management position at the International Monetary Fund. On the same date, Zhu told Bloomberg News he knew nothing about any pending appointments to the PBOC or the IMF. Over the past week, however, contacts at the PBOC have told us Zhu had been working as a PBOC Vice Governor since late September.

Comment

13. (C) Zhu is highly articulate and engaging in English, frequently representing the BOC (and China) at high-visibility events such as the recent "Summer Davos" forum in Dalian. The Chinese Government and the PBOC undoubtedly are positioning him for an appointment to a senior position at the IMF, most probably one of the Deputy Managing Director slots (we understand there currently are no vacancies at that level). Such a move would be fully consistent with China's stated desire to play a larger, more active role in the international financial institutions.

14. (C) During his time at the BOC, Zhu regularly has met with senior visiting USG officials, including Treasury DAS Sobel in July 2008, Federal Reserve Governor Kroszner in November 2008, and Fed Governor Lacker in May 2009. We have found him to be an extremely bright, critical, and engaging interlocutor, willing to express opinions on relatively sensitive topics. For example, with DAS Sobel he detailed BOC plans to diversify sectorally -- into insurance and other non-banking financial services -- as well as geographically. With Governor Kroszner, Zhu accurately predicted China's rapid economic recovery, strongly urged the USG to implement

additional stimulus measures ("how much can you spend?"), and jokingly observed that China needed Milton Friedman and the University of Chicago in China to facilitate its rapid transition to a market economy.

¶5. (SBU) This openness has extended to Zhu's interactions with the press, his recent denial of his impending job change notwithstanding. In an April 2009 interview with "Euromoney," Zhu acknowledged that the main reason Chinese banks largely had avoided serious problems during the global financial crisis was their "more vanilla business model," rather than any better risk management procedures. He also said BOC had learned from the crisis and "completely rebuilt" its market risk management system. More recently, Zhu told Bloomberg that China needs to ensure that government stimulus funds go to real projects, lest they lead to asset bubbles. He also observed that "Wall Street is myopic" and feels like the crisis never happened.

¶6. (SBU) Zhu was born in Shanghai in 1951 and educated at Fudan University (bachelor's degree, 1982), Princeton (master's), and Johns Hopkins (doctorate).
HUNTSMAN